OPEB Commission

October 23, 2012



Agenda

1. Approval of minutes of September 25, 2012 meeting

10:00am

2. Review of principles, process, and potential strategies

10:10am

3. Additional information

10:30am

- EGWP (Aon, GIC)
- VEBA (Segal) [brief introduction, to be discussed in-depth at next meeting]
- **4. Actuarial analysis** [materials to be distributed at the meeting]

11:00am

- Baseline
- Preliminary views on analysis of savings estimates at state-level
- Timeline going forward
- Impacted populations
- 5. Additional considerations with regard to benefit changes

11:45am

- Part-time policy
- Survivor benefits
- 6. Recap and discussion of potential strategies

12:05pm

7. GIC report on new health plan procurement reflecting MA health care cost containment law

12:35pm

8. Adjournment

12:45pm

Proposed Principles and Considerations

Commitment to Intergenerational Equity

- Avoid shifting costs onto future generations
- Honor health care promise to retired career employees

Competitive Compensation Packages to Attract Employees

Including quality, affordable health care for retirees

Urgent Need for Sustainable Government

Prudent Allocation of Taxpayer Dollars Among Critical Services

- Transportation, education, benefits, etc.
- Maintenance of credit ratings

Alignment with Recent Changes to State and Federal Health Care Programs

With a focus on access and cost control

Process and Calendar

October 23 Commission Meeting (10am)

- Review preliminary actuarial findings regarding scale of impact at State level (municipal work will take longer)
- Review early indicators regarding size of impact and affected population

November 13 Commission Meeting (2pm)

- Review Phase 1 Results for both State and Municipal studies
- Comment on early draft of report introduction

November 27 Commission Meeting (10am)

- •Review Phase 2 Results
- •Comment on report draft

December 17 Commission Meeting (1pm)

• Commission meets to vote to adopt its report.

December 20 Reporting Date

Draft Report Circulated/ Submit Requests for Phase 2 Analysis

Draft Report Circulated Proposed Final Report Circulated

Review of Potential Strategies

- Benefit Design
 - Minimum age and/or minimum years of service (YOS)
 - Pro-rating
 - Part-time worker requirements
 - Spousal benefits, survivor benefits, hazardous employees benefits, continuing service requirements
- Cost Containment
 - Index to inflation
 - Establish metrics with automatic alarm or mechanism if cost growth metric is unsustainable
- Employee Funding
 - Active contributions
 - Voluntary employees' beneficiary association (VEBA)
 - Sick leave/vacation leave funding
- Good Governance
 - Employee group waiver plan (EGWP)
 - Procurement